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ABSTRACT

Rural areas have a greater per capita need for manpower services for unemployed and economically disadvantaged persons than urban areas. Federal officials responsible for developing manpower policies and deciding fund allocations have known of the rural population's special needs for manpower services. Yet, programs such as the Work Incentive Program and the Emergency Employment Act of 1971 have been developed primarily for urban areas, resulting in a pattern of rural discrimination. The Farm Labor Service, Area Redevelopment Act of 1961, Manpower Development and Training Act of 1962, and Economic Opportunity Act have responded to the needs of rural areas. Today the Comprehensive Employment and Training Act of 1973 (CETA) gives state and local officials decision making power over manpower programs and allocates funds for all rural and urban communities on the basis of a formula in the law. However, present methods of measuring unemployment do not accurately measure "real" unemployment levels in rural areas. Consequently, this formula used for allocating CETA funds discriminates against rural areas. Other impediments to an equitable share of manpower funds are: lack of jobs, resources, facilities, and personnel in rural areas; dispersion of the rural population; greater cost of operating rural programs; and complex problems facing rural manpower planners. (NQ)

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Manpower Programs & Metropollyana

The Federal non-response to the needs of rural and small town people in employment and training programs.

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MANPOWER PROGRAMS & METROPOLLYANA

The Federal Non-Response to the Needs of Rural and Small Town People in Employment and Training Programs

Rural America trails the nation's metropolitan areas in virtually every social and economic indicator the statisticians have come up with. 1/ The data on earnings and employment are no exception. The median earnings of employed persons in nonmetropolitan areas is roughly one-fifth below that for employed persons in metropolitan places, and though the precise degree of disparity changes slightly, it is characteristic of every major occupational category. 2/ This is not surprising since the proportion of the metropolitan population which has completed high school is 78 percent, while less than 70 percent of the nonmetropolitan population in the same age group (25 to 29) has done so.

FARM WORKERS ARE MORE LIKELY TO BE UNEMPLOYED

Agriculture provides employment for a significant number of persons living in rural America, and according to the U. S. Department of Labor's Employment and Earnings Bulletin for February, 1975, the unemployment rate for agricultural labor in 1974 was 7.3 percent, compared with a national unemployment rate of 5.6 percent for the same year. In January, 1975, the agricultural labor unemployment rate was 14.7 percent compared with a national unemployment rate of 9.0 percent unadjusted for seasonal factors.

RURAL JOBLESSNESS IS MORE CHRONIC

Unemployment in nonmetro areas is more chronic. More than 20 percent of the nonmetro unemployed in 1970 reported having been that status for 15 weeks or more. Only 17 percent of metro unemployed had been out of work as long as 15 weeks.

1/ This is hardly to be wondered at since, as St. Augustine tells us, "Se nutriunt omnia [everything feeds on itself]."

2/ These statistics are from Current Population Reports P-23, No. 37, "Social and Economic Characteristics of the Population in Metropolitan and Nonmetropolitan Areas: 1970 and 1960."

UNEMPLOYMENT FIGURES HAVE ANTI-RURAL BIAS

Finally, these official statistics confirming the usual metro/nonmetro disparities can safely be regarded as understating the case. There is a serious question, for example, whether the sample survey used in preparing month-to-month and year-to-year unemployment figures -- those on which the allocation of substantial portions of manpower program funding is based -- is not biased toward the larger urban areas. Whether or not this is the case, the definitions involved result in an understatement of the employment problem in rural areas.

DEFINITION OF UNEMPLOYED

Labor force data are reported by the Bureau of Labor Statistics in its Monthly Report on The Employment Situation. This survey counts as employed all civilians who, during the survey week, did any work for pay or profit (minimum of an hour's work) or worked 15 hours or more as unpaid workers in a family enterprise, and all persons who were not working but who had jobs or businesses in which they were temporarily absent for non-economic reasons (ill, bad weather, vacation, labor-management dispute, etc.). Unemployed persons comprise all persons not working during the survey week who made specific efforts to find a job within the previous four weeks (such as applying directly to an employer, or to a public service employment service, or checking with friends) and who were available for work during a survey week (except for temporary illness).

HIDDEN UNEMPLOYMENT

There are two aspects of this which mask the importance of unemployment and underemployment and its far greater prevalence in rural areas and small towns. Self-employed persons and unpaid family workers -- both of which are considered "employed" -- frequently work less than full time (as is evidenced by the use of 15 hours per week as the standard for "employment" of an unpaid family worker). They represent underemployment or "hidden unemployment" as it is sometimes called. Both categories of workers are about twice as prevalent in nonmetro areas than in metro areas. 1/

Consequently, if the government modified its definition of unemployment to measure "real" unemployment among self-employed persons and unpaid family members, rural levels of unemployment would be expected to rise substantially, whereas urban unemployment would be expected to rise moderately.

1/ See Table 115, "General Social and Economic Characteristics," 1970 Census of Population.

RURAL MANPOWER SERVICE NEEDS ARE GREATER

In short, the per capita needs for manpower services for unemployed and economically disadvantaged persons is much greater in rural areas than in urban areas. With higher unemployment rates and lower income levels, proportionately more rural persons should be expected to be enrolled in manpower programs which are directed toward the unemployed and economically disadvantaged. Furthermore, -- all other things being equal -- with lower educational levels, per capita expenditures for trainees in manpower programs should be higher in rural areas than in urban areas. As is true of other fields of social legislation, however, the Federal programs have been developed with the urban areas primarily in view and the result has been a pattern of discrimination against rural and small town areas.

EVOLUTION OF FEDERAL MANPOWER POLICIES AND PROGRAMS

Federal manpower concern and activities is largely a 20th Century phenomenon, and can trace its beginning to the Smith-Hughes Act of 1917 which established a Federal-State program of vocational education. The shortage of skilled workers during World War I spurred Congressional approval of this Act and its authorization of Federal aid to broad categories of vocational education. The approval of specific vocational categories, such as establishing agricultural vocational courses in rural areas to meet the needs of farmers, was essentially a State Vocational Education responsibility. (The State vocational education structure was relied upon heavily during the initial period of the Manpower Development and Training Act of 1962. Many vocational programs under MDTA were approved primarily because the Vocation Education Agencies had available equipment, space and personnel. And in many rural areas, vocational agricultural programs were the major, and at times the only, vocational courses available; hence the prevalence under MDTA in rural areas of vocational programs to train "Farm Mechanics", and "Farm Hand, General", even though agricultural employment had been declining for decades.)

BIAS EXISTED FROM THE BEGINNING

Federal manpower services received a major stimulus during the depression of the 1930's. The Wagner-Peyser Act of 1933 established the Federal-State Employment Service System to provide a more effective mechanism for matching workers and jobs. The Employment Service included a separate system for rural manpower services called the Farm Labor Service. Unfortunately, the full range of manpower services were not made available to the rural population, as the Farm Labor Service concerned itself primarily to satisfy the needs of farmers for farm workers. The failure of the Farm Labor Service to deliver a full-range of manpower services to the rural population, particularly minority farm workers, led to an Administrative Action

in 1971 against the Secretary of Labor by the National Association for the Advancement of Colored People on behalf of rural residents and migrant farmworkers charging discriminatory actions in the delivery of manpower services. The background on this administrative action and the judge's decision are described later in this study.

The depression also brought Government action in three other areas of current importance in manpower policy:

- Provision for income maintenance for unemployed and retired workers under the Social Security Act of 1935.

- Establishment of national minimum wage and child labor standards for large segments of the work force under the Fair Labor Standards Act of 1938.

- Creation of work opportunities for unemployed, impoverished youth and adults -- through several temporary programs, including the Civilian Conservation Corps and the National Youth Administration. The accomplishments and shortcomings of these programs helped in the planning of the Job Corps, the Neighborhood Youth Corps, and other current work-training programs.

The next major forerunner of present manpower policy was the Servicemen's Readjustment Act of 1944 -- the GI Bill of Rights. This Act continued a tradition of recognizing the country's obligation to its war veterans which dates back to the American Revolution, but it was unprecedented in its emphasis on meeting these obligations through government-financed education and training rather than merely monetary compensation.

A more direct move toward an active manpower policy came two years later, with the Employment Act of 1946. This act was born from memory of the depression and the fear -- soon proved to be unfounded -- that the war's end would bring a serious recession and raise unemployment to intolerably high levels once again.

The Act made the achievement of "maximum employment, production and purchasing power" a concern of the Federal Government. But it contained no mandatory provision for achieving this goal. For a decade after its passage, Government action to forward its objective consisted mainly of fiscal and monetary measures to mitigate economic downturns.

The recession of 1957-58 brought unemployment to its highest levels since the 1930's. The unemployment rate reached 6.8 percent in 1958, more than half again as high as the year before. Nor did the rate decline satisfactorily with economic recovery. Unemployment averaged 5.5 percent in both 1959 and 1960. The recession

which began late in 1960 brought the rate up again to 6.7 percent the following year.

Along with the persistently high overall rate of unemployment came an increasing amount of long-duration unemployment, entailing great hardship for large numbers of workers and their families. The heavy impact of unemployment upon youth and minority groups, among the uneducated and unskilled, and in many depressed geographic areas also added to the demand for remedial action.

A new federally supported attack on these problems began with the Area Redevelopment Act of 1961. This Act provided for financial and technical assistance to business expansion in areas of substantial and persistent unemployment. Another feature of great significance from a manpower viewpoint was the provision for occupational training projects for unemployed workers in these redevelopment areas, with subsistence allowances to support the workers and their families during training. Because of limitations on its funding and coverage, the ARA had a limited impact, but it furnished guidelines for more comprehensive training and economic development legislation.

COMES MDTA - 1962

Passage of the Manpower Development and Training Act (MDTA) of 1962 was the chief legislative step toward formulation of a national manpower policy. This Act, which was passed with strong bipartisan support, established a nationwide program of occupational training for the unemployed. It called for and underwrote a significant expansion in manpower research. And it required annual reports by the Secretary of Labor to the President, and by the President to Congress, on manpower requirements, resources, utilization, and training.

FATAL DEFECT

MDTA provided vocational training for unemployed persons in occupational areas which had a "reasonable expectation of employment". This "reasonable expectation of employment" greatly restricted the number and type of vocational training programs in areas with high levels of unemployment. In rural areas, for example, the initial programs -- few as they were -- trained persons in agricultural skills, since these were often the only requests received by the Farm Labor Service.

Early experimental work in MDTA identified a number of services required by the "hard-core" which restricted their entry into MDTA programs or made it difficult for them to succeed, such as outreach, work orientation, special counseling, basic and remedial education, transportation and mobility services, work try-outs, on-the-job training, job development and placement, child care services,

bonding, health services and emergency financial assistance over and above regular MDTA allowances. The manpower programs financed under the Economic Opportunity Act of 1964 expanded the scope of services to include these additional services, and to make them available not only to the unemployed, but also to the "poverty population". Including the "poverty population" as an eligible group was critical to rural people, since so many rural poor are self-employed and unpaid family workers, and therefore they are not classified as "unemployed". Furthermore, other rural poor, namely farmworkers, have had trouble convincing manpower agencies that they were "unemployed" and thus eligible to participate in manpower training programs.

The Economic Opportunity Act also provided service programs for the poor, such as Head Start, adult education and health services, and these became important manpower programs for the rural poor because they emphasized the direct employment and training of the poor in delivering such services.

MORE METRO AIDS

The Demonstration Cities and Metropolitan Development Act of 1966 provided substantial sums for manpower programs, but these were directed to the urban slums. The name of the program was changed later to "Model Cities", to avoid any direct reference to urban "demonstrations" or riots. Regardless of what it was called, the Model Cities program was a response to the special and pressing need to alleviate the problems of the urban slums that made headlines on a continuous basis. The special problems of rural areas were not brought to the attention of the public as often nor as dramatically and so the restless poor in urban areas received a special program, but not the rural poor.

WIN - 1967

The 1967 amendments to the Social Security Act established a special manpower program for employable persons in Aid to Families with Dependent Children called WIN (Work Incentive). Total education, training, social and related services were to be made available to WIN participants to make them employable and thus reduce welfare costs. The WIN program requires the availability of a broad range of social and manpower services needed by WIN recipients, the ability to coordinate such services, and available jobs; these requirements obviously restrict program activities in rural areas, which often lack resources and jobs.

EEA - 1971

The Emergency Employment Act (EEA) of 1971 created a program of transitional public service jobs for veterans, unemployed and underemployed persons. EEA funds are paid directly to State and local governments to provide employment and training opportunities in public service areas, including the delivery of social services.

CETA - 1973

The most significant manpower development in recent years was the passage of the Comprehensive Employment and Training Act of 1973 (CETA). The scope of services in CETA encompasses all services previously provided in MDTA, OEO, EEA programs, including education, training, on-the-job training, work tryouts, supportive services, public employment and Job Corps. The persons to be served include the unemployed, underemployed and the economically disadvantaged. Decisions over program mix, categories of programs, and persons to be served are made by State and local officials. The critical factor for rural areas is that the amount of manpower funds for rural programs is decided by a formula included in the law, and not by manpower officials. The adequacy and equity of the formula as it affects rural areas is discussed later in this paper.

FEDERAL AWARENESS OF RURAL MANPOWER NEEDS

Federal officials responsible for developing manpower policies and for deciding on the allocation of MDTA funds and other manpower funds have known of the special needs of the rural population for manpower services. Indeed, Department of Labor publications over the past decade discussed this special need of the rural population for manpower services and described the special efforts being made to meet that need. For example, the Department of Labor is responsible for preparing an annual Manpower Report of the President describing manpower programs, policies, problems and trends. An examination of these Manpower Reports of the President over the past decade illustrates this Federal awareness of the special needs of the rural population for manpower services.

YEAR AFTER YEAR

The 1964 Manpower Report of the President identified rural workers as the first of the disadvantaged workers to be served by MDTA.

> "The disadvantaged workers of the United States--rural workers, Negroes and other minority groups, younger workers, older workers--whose predicament is the major element in our national problems of unemployment and poverty, are the subject of the following chapters."

The 1965 Manpower Report of the President discussed some of the particular problems facing farm workers.

> "The final chapter, on Farmworkers, deals with the adjustments farm people have had to make because of the long-term drop in farm manpower requirements; with the low wages, irregular work, and sub-standard living conditions which have been the lot of most hired farmworkers; and with

> the major progress made in 1965 in increasing job opportunities for American farmworkers, as sharp restrictions were imposed on the use of farmworkers from other countries."

The 1967 Manpower Report of the President discussed the lack of equitable manpower services in rural areas compared with urban areas.

> "The dispersion of the poor in rural areas has hidden the extent of rural poverty and also greatly increased the difficulties of remedial action. Education and training are less available to rural than urban youth. And programs for the rural poor have been slower to develop and have continued to be less well-financed than those for the urban poor."

By 1971, the Manpower Report of the President included a critical evaluation of the needs of the rural areas for manpower programs and discussed analytical dilemmas facing the development of such programs.

> "A revolution in farm production practices, coupled with the elimination of many small farms, has cut agricultural employment by more than half since World War II--contributing heavily to rural poverty and stimulating rural-to-urban migration. Advances in farm technology are continuing and will probably eliminate many additional jobs in the next few years. Thus, the problems of underemployment and poverty will continue to be acute among migratory and other seasonal farm laborers as well as operators of small farms.
>
> "Improvement of labor standards and social insurance protections in farmwork is an immediate need, calling particularly for extension of unemployment insurance to agricultural workers. A second need is for educational and manpower services in rural areas more nearly comparable to those available in cities and suburbs. /Emphasis added/ So far, rural residents have not shared equitably in such services, largely because of the difficulties involved in serving a scattered population."

DEMONSTRATIONS - NOT EQUITY

Repeatedly, the Report promised "increased efforts to find solutions" to these special problems of rural areas. In fact, the Department has launched several demonstration projects relative to rural and small town needs. One of these, the Smaller Communities Program, dates back to Fiscal '59. A decade later,

however, it had not been extended to more than 3 percent of the nation's nonmetropolitan counties. 1/

Another demonstration project, in Ottumwa, Iowa, utilized a system of satellite offices to serve a multicounty region. This was dubbed Area Concept Expansion (ACE) and expanded to other states -- but only to eleven by late 1972. 2/

PAST PROGRAM PATTERNS

Despite this awareness of special rural needs and despite intermittent attempts to develop mechanisms for responding to those needs, all of the available data confirm the metropolitan bias of past manpower programs. Federal outlay data for FY'70 published by the Senate Committee on Government Operations showed metropolitan areas receiving 77 percent of the $1.5 billion in funding for manpower training and employment programs by the Departments of Labor and HEW and the Office of Economic Opportunity. Adjusting for population, this works out, the report noted, to $8 per capita in metro areas and only $5 in nonmetro areas. In rapidly declining nonmetro counties, per capita outlays for manpower training and development were only one-third as large as in rapidly declining metro counties. 3/

The annual special analyses prepared by the Office of Management and Budget have reflected a similar pattern, with 85 percent or more of Federal assistance for manpower and employment security programs reported as going to metropolitan areas in FY'66, FY'68, and FY'69, and almost 80 percent estimated for Fiscal 1973. 4/

1/ Senate Hearings, Department of Labor....Appropriations, FY'71, pp. 1036-37.

2/ Raymond Schmitt, Manpower Training and Employment Programs Serving Rural America (Committee Print, Senate Agriculture Committee), p. 16.

3/ The Economic and Social Conditions of Rural America in the 1970's, Part 3, "The Distribution of Federal Outlays Among U.S. Counties" (Committee Print, Senate Government Operations Committee), pp. 40, 42 and 51-52.

4/ See Special Analysis N, Special Analyses, Budget of the United States Government, various years.

And, within the Labor Department itself, rural enrollment in programs is conceded to be low. The figures for FY'72 are presented below. 1/

ESTIMATED RURAL ENROLLMENT IN SELECTED MANPOWER PROGRAMS, FISCAL YEAR 1972

	New enrollment, fiscal year 1972	Estimated rural enrollment	
		Number	Percent
Total	1,532,800	323,600	21.1
Institutional	150,600	29,200	19.4
National contracts (OJT)	24,800	6,500	26.2
Neighborhood Youth Corps:			
In-school	186,000	28,850	15.5
Out of school	65,000	20,400	31.4
Summer	759,900	174,600	23.0
Operation Mainstream	31,400	17,400	55.4
Concentrated Employment program	84,700	18,800	22.2
JOBS	82,800	10,350	12.5
Work Incentive program	120,600	14,350	11.9
Public Service careers:			
Plan A	10,500	550	5.1
Plan B	11,200	900	8.1
Plan C	5,300	1,700	32.0

Source: Office of Financial Management Information Systems, DRA; Manpower Administration, Department of Labor, Jan. 8, 1973.

An earlier analysis, of FY'68 enrollment, had similarly found that only 24 percent of enrollment in work experience and training programs was accounted for by rural enrollees. It also reported that "the average spent on each rural enrollee was only one-fourth of the average spent on each urban enrollee." 2/ (A major reason

1/ Reproduced from Schmitt, op. cit., p. 10

2/ Janet Derr, Rural Social Problems, Human Services, and Social Policies, Working Paper 4: Employment and Manpower (Social Welfare Research Institute, University of Denver), pp. 5-7, citing Department of Labor, "Rural Manpower", Draft Issue Paper No. 5, May, 1970.

for this is the fact that summer employment in the Neighborhood Youth Corps, a program with a low average cost, accounts for about half of all rural enrollment). Looking at it in a slightly different manner, the Department reported that in FY'70, manpower programs served a little over 10 percent of the urban residents in need but only 8 percent of the rural residents in need. 1/

FINALLY NAACP SUES

The failure of Federal manpower services to equitably serve one portion of the rural constituency has even been officially certified in formal administrative and judicial proceedings. In early 1972, the Western Region of the National Association for the Advancement of Colored People and fifteen other organizations filed an Administrative Action against the Secretary of Labor on behalf of rural residents and migrant farmworkers charging discriminatory actions in the delivery of manpower services. At issue was the accessibility and quality of service provided farmworkers by the Rural Manpower Service (RMS) and the United States Employment Service (USES). A Special Review Staff (SRS) was assigned by the Assistant Secretary for Manpower to investigate the complaints. SRS substantiated a sufficient number of the charges to cause the U.S. Department of Labor to take a new look at its capabilities for fulfilling its mandate under the Wagner-Peyser Act which had established the USES in June, 1933. 2/ As amended, the Act requires that the USES and the States cooperate in establishing and maintaining a national system of public employment offices. The Secretary of Labor determined that establishing and maintaining a "national system" meant that insofar as possible each citizen should have access to the full range of manpower services provided by the tax-supported Manpower Administration (MA). Consequently, he prescribed a new policy of "equity of access" consisting of 13 points. The Secretary's 13 points redirected USES emphasis to serving rural residents and farmworkers.

Impatient with the lack of speed and penetration of the implementation process, particularly at regional and State levels, 88 farmworkers and 17 agencies filed Civil Action 2010-72 against the Secretary of Labor et al. in the District Court in the District of Columbia. The action declared that the defendant officials had knowingly granted funds to State Employment services in violation of the Constitution and laws of the United States and had operated the USES in violation of the Fifth Amendment of the Constitution, Title VI of the Civil Rights Act of 1964, the

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1/ 1971 Manpower Report of the President, p. 130, cited in Ibid., p. 7.

2/ Special Review Staff, Manpower Administration, Review of the Rural Manpower Service, "overall findings" at pp. 5-11.

Wagner-Peyser Act, and the Department's own regulations and instructions. On May 31, 1973, Judge Charles Richey of the U.S. District Court for the District of Columbia issued a declaratory judgment and injunction order. He found that the Department of Labor has "a constitutional, statutory, and regulatory obligation to demand that Federal and State agencies that serve migrants and farmworkers provide them with the full level of services, benefits, and legal protections as guaranteed by the Fifth Amendment to the Constitution, the Wagner-Peyser Act, Title VI of the Civil Rights Act of 1964, and the respective implementing regulations." 1/

RHETORIC FLOWS

Indeed, the U.S. Department of Labor acknowledges this lack of equitable manpower services in rural areas. The 1974 Manpower Report of the President stated that "In the past, rural workers and employers have not had as easy access to Employment Service services as those in cities, largely because of the practical difficulties involved in serving a clientele scattered in relatively low-population areas. The ES has been endeavoring for years to correct the imbalance and improve services to rural residents, including farmworkers and migrants." 2/

Thus, after nearly four decades of operating a broad range of employment services and a decade of operating manpower training programs, the U.S. Department of Labor was found not to be providing equitable services in rural areas, and acknowledged it. If there is any expectation at the Department that the shift to a special revenue-sharing approach resulting from the Comprehensive Employment and Training Act of 1973 will make things dramatically different, that expectation does not extend to the Office of Management and Budget. Its estimate for Fiscal '75 is that nonmetropolitan areas will receive only one-fourth of "comprehensive manpower assistance" funds and only one-fifth of the total Federal aid for manpower and employment security. 3/

CAUSES OF URBAN/RURAL IMBALANCE IN FEDERAL MANPOWER EXPENDITURES

There are many reasons why rural areas have not received their proportionate share of manpower programs. In some cases the reasons can be traced directly to the legislation. In other cases administrative actions cause the discriminatory practices against rural areas.

1/ NAACP v. Brennan, 360 F. Supp. 1006 (D. D. C. 1973).

2/ Manpower Report of the President, 1974, p. 60.

3/ Special Analyses, op. cit., Fiscal Year 1975, pp. 212 and 216.

Some programs are designed by legislation to operate exclusively in urban areas. For example, the model cities manpower program was designed basically as a big city program with a scattering of projects in small towns of under 25,000 people. In this case, the urgent need for social service programs in urban areas, particularly to reduce social tensions that might cause riots, encouraged the Congress to pass the legislation.

In some cases, legislative requirements introduce discrimination against rural areas. The "reasonable expectation of employment" requirement in the MDTA law is a case in point. In order to avoid training unemployed people for the sake of training, the Congress specified that there must be a "reasonable expectation of employment" in an occupation before a training project operates. Unfortunately many rural areas have had rising levels of unemployment due to mechanization and other technological advances in agriculture, forestry and mining, and hence they lack shortage occupations which show a "reasonable expectation of employment." Subsequent amendments to the MDTA act added mobility allowances, which enabled some rural areas to train people locally and then move them to jobs in other communities, or to move unemployed rural persons immediately to such other communities for both training and employment.

There are other subtle reasons why manpower officials have not developed and funded an equitable proportion of manpower programs in rural areas. One reason has to do with money. Rural programs are far more expensive than urban programs. Because of distances involved in operating rural programs, rural programs require more staff members; outreach, counseling, job development and other activities require more travel time in rural areas than in urban areas. Furthermore, transportation costs are also higher on rural projects. The lower educational levels of the rural population, the number of non-English speaking persons that live in rural areas, and the smaller proportion of the rural unemployed with vocational experiences, greatly increases the length of any manpower training program and hence, greatly increases the per capita costs of rural manpower programs. Manpower officials interested in developing and operating rural programs have to fight for and explain the need for higher per capita expenditures for rural manpower programs than for urban programs. Consequently, officials with the option of financing programs in either urban or rural areas are more likely to finance the "cheaper" urban projects.

TO THOSE WHO HAVE

The bureaucratic problems involved in designing, developing and operating rural manpower programs also contribute to the unwillingness or inability of manpower officials to spend an equitable share of funds in rural areas. For example, successful manpower programs often require counseling services, education and vocational training services, health and child care services,

transportation services, and other manpower related services. In urban areas, manpower planners can depend on the existence of such services within the existing city structure. In rural areas, however, such assumptions cannot be made. Consequently, many rural manpower officials are hesitant to spend any time or funds developing and planning manpower programs until they coordinate with other agencies of government to develop and finance other vital services.

Related to this is the factor cited by a Congressional Research Service study. 1/ Much of the allocation of current manpower programs in favor of urban areas is said to be due to the sheer inability of certain rural areas lacking trained and experienced personnel to submit organized plans and projects which qualify for Federal assistance. Moreover, there is sometimes a complete lack of knowledge on the part of some rural government officials as to what assistance is available. These problems could be further complicated under manpower revenue sharing. /Emphasis added./

The establishment of a separate organizational unit to provide manpower services in rural areas -- the Farm Labor Service -- also contributed to proportionately fewer manpower programs in rural areas. Since the Farm Labor Service was concerned primarily with the employment needs of farmers, they concentrated their activities on recruiting farm workers for unskilled or semi-skilled farm jobs. Limited effort was placed by the Farm Labor Service on providing overall manpower services -- especially manpower training -- to the rural population, as was brought out in the NAACP court case described above.

THE MEANING OF CETA FOR RURAL AREAS

The Comprehensive Employment and Training Act (CETA) of 1973 drastically changes the policies and procedures for approving the expenditure of Federal manpower funds. CETA provides for a decentralized comprehensive manpower services program for economically disadvantaged, unemployed and underemployed persons. Specific categorical manpower programs under provisions of the Act (such as MDTA, NYC, Mainstream, New Careers, OIC, SER, and Jobs) are being replaced by a system of providing Federal allotments to State and local governmental Prime Sponsors.

This is not all bad news for rural areas. Under CETA, allotments of funds will be based on a legislative formula, and, hence, the amount of funds alloted to rural areas for manpower services will no longer be completely subject to administrative decisions.

1/ Schmitt, op. cit., p. 5.

Thus CETA represents a step in the right direction. But there are elements in the formula selected that continue the pattern of discrimination against rural areas.

BIASED FORMULA

One-half of the funds allotted to each State and area will be allotted on the basis of manpower allotments of the State in the preceeding fiscal year. Consequently rural areas will continue to be snortchanged because of the historical bias in manpower programs that concentrated expenditures in urban areas.

MORE BIAS

37-1/2 percent of the funds will be allotted on the basis of unemployment. On the surface this seems to be an equitable factor, but as discussed earlier, the methods used to measure unemployment do not accurately measure unemployment in rural areas.

12-1/2 percent of the funds allotted will be allotted on the basis of poverty. Such a poverty index probably represents one of the most equitable mechanisms to use to ensure equity for rural people. Yet this represents only 1/8 of the allotment formula.

MORE BIAS

Even more serious is the limited definition of governments eligible to be "prime sponsors" and thus direct recipients of CETA funding. These must have a population of at least 100,000 -- which confines eligibility to approximately 275 of the nation's more than 3,000 counties. 1/ Smaller counties must either join with a larger county or with one of the roughly 150 cities eligible as "prime sponsors", or else depend on the state for its funds. Governors, it should be noted, are not required to re-allocate their funds as a prime sponsor to smaller jurisdictions in accordance with the formula which determined the initial allocation. 2/

SUMMARY

Rural areas have a greater per capita need for manpower services than urban areas, and this need is recognized by Federal manpower officials. However, rural areas have never received an

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1/ May 1974 memo prepared by Barbara Hunting, National Association of Counties, for Senator Dick Clark, Chairman, Senate Rural Development Subcommittee.

2/ Ibid. The Governor is required to establish a manpower advisory council representative of the area to be served, but he is specifically advised by the Labor Department "not to delegate total operational responsibility for the program to towns and counties in the essentially rural areas."

equitable share of manpower funds. The lack of jobs in rural areas, the dispersion of the rural population, the greater cost of operating rural programs, the lack of resources, facilities and personnel, and the complex problems facing rural manpower planners, are only some of the reasons explaining why rural areas have not received their equitable share of manpower funds.

The new manpower law, CETA, places decision-making power over manpower programs in the hands of State and local officials, and allocates funds for all communities -- rural and urban -- on the basis of a formula in the law. Administrative actions can no longer deprive rural communities of needed manpower funds. While the CETA allocation formula guarantees some manpower funds for all rural communities, the formula itself does not provide an equitable share of funds for rural areas. One-half of the formula for allocating CETA funds is based on the manpower allotments of the preceeding year. Rural areas that were underfunded last year will be similarly underfunded next year. And this underfunding will continue as long as the present CETA formula is in effect. Three-eighths of the CETA funds will be allotted on the basis of unemployment. Present methods of measuring unemployment do not accurately measure "real" unemployment levels in rural areas, as analyzed above. Consequently, seven-eighths of the formula used for allocating CETA funds discriminates against rural areas.

RECOMMENDATIONS

Recommendations for improving the financing of manpower services in rural areas, or for that matter, any other service to rural areas, must begin with the Congress. Past experience has clearly demonstrated that administrators of public programs cannot be expected to provide equitable services in rural areas compared with urban areas when decision-making over the location of programs is left entirely or primarily at the discretion of administrators.

Congressional action is required to make certain that laws make it mandatory for administrators to provide equitable services in rural areas. This will require the following:

- The design of programs that by definition have to serve rural communities or rural people. This includes programs for small farmers, migrant and seasonal farm workers and for American Indians on Indian reservations.

- Other programs of a national scope should include a financial formula for allocating funds between urban and rural areas according to criteria which will provide equity to rural areas. Poverty data are recommended as the type of data that will insure

equity of funding for rural areas. It is recommended, therefore, that legislative formulas for allocating funds between rural and urban communities rely as much as possible on poverty data. Unemployment levels grossly understate the true level of unemployment in rural areas. Consequently, unemployment levels should not be used as a factor allocating funds between urban and rural areas, until there is a change in the method of counting unemployment to accurately measure unemployment among self-employed persons and unpaid family members. Prior expenditures should also be avoided as a factor allocating funds between rural and urban areas, since there is ample evidence of past discrimination against rural areas, and an expenditure allocation factor would perpetuate such discrimination. Indeed, the CETA allocation formula needs to be evaluated and revised to give greater importance to poverty data.

- If allocation formulas are not included in the law as a means of sharing program funds between rural and urban areas, the Congress should include special requirements in the law to encourage administrators to provide equitable services in rural areas, such as: minimum percentages of program funds that must be spent in rural areas; special technical assistance funds for rural areas for program planning and development; a statement of Congressional awareness that rural programs may cost more per capita than urban programs.